NEW YORK INSTITUTE OF FINANCE
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Structured Credit Modeling

This is a methodological course on the analysis of credit risk for single-name and multi-name credit products. The focus lies on quantitative models for assessing the value and risk of products like corporate bonds, credit default swaps and more complex portfolio products including various types of collateralized debt obligations CDO's. The course will develop the models and whenever possible discuss the empirical evidence and experience on the performance of these models. The course is delivered using lectures and computer labs based on examples in Excel.

Available Session(s):

29-Apr-2009 -- 01-May-2009	New York	USD $3375
NY Institute of Finance - Midtown	9:00am - 4:30pm	Wed Thu Fri

Instructor(s):[Wilfred Daye;]

Targeted Audience

The course is intended for professionals whose work exposes them to issues related to firm specific and portfolio credit risk. Among those who will benefit from the course are practitioners working as quantitative analysts, derivatives researchers and traders, credit risk managers, and credit analysts and researchers.

Special Offer

Clients who register for this course will receive a complimentary 6 month subscription to the Financial Times and FT.com. The Financial Times is the world's most respected financial newspaper providing a broad assessment on finance, business and the industrial sector. Subscriptions will start within 6-8 weeks of the application process, and are limited to one per client. For questions about your subscriptions call 800-628-8088 or email uscirculation@ft.com. US and Canada enrollees only.

Advance Preparation

No advance preparation required.

Prerequisites

Some knowledge of derivatives theory would be an advantage

Learning Objectives

Students will be able to:
· Value a credit default swap using an equity-based and reduced form model
· Estimate term structures of risk-adjusted default probabilities
· Measure risk sensitivities of single-name credit derivatives
· Develop a solid understanding of portfolio credit analytics such as the Gaussian Copula model

Follow-Up Courses

Accounting for Derivatives & Hedging
CSAP - Financial Modeling Module

Level: Intermediate

CPE Credits: 21.5

Instructional Method: Group-Live

Detailed Outline

Day One: Single-Name Credit Analystics

Structural credit risk models
· The Merton framework and recent extensions
· Implementation methodologies
· Empirical performance

Reduced form models
· Implementation methodologies
· Empirical Performance

Credit Default Swaps and Corporate Bonds
· Funded vs. unfunded exposures
· The role of asset swap
· The basis

Trading strategies
· Long/short positions
· Curve trades

Day Two: Basics of CDO's and Default Dependence

CDA Structures and Tranches
· Arbitrage vs. balance sheet transactions
· Cash vs. synthetic structures
· Funded vs. unfunded CDO's

Basics of Default Dependence

Simulating Correlated Defaults

The Gaussian Copula

· Basis trades
· Capital structure arbitrage

Day Three: Collateralized Debt Obligations II

CDA Valuation
· The simplest case: the binomial model
· A step by step implementation of the Gaussian Copula

Implied Correlations
· Computing implied correlations
· Base correlations
· Term structure effects

CDO Risk Measures

Pushing the Gaussian Copula
· Computing implied correlations
· Base correlations
· Term structure effects

Recent Product Innovations
· Constant proportional portfolio insurance (CPPI)
· Constant proportion debt obligations (CPDO)
· Credit default swaptions
· Recovery swaps and locks
· Annuity swaps
· Credit indices on ABS and CMBS